



Column For Week of: April 28, 2008

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Creating Responsible and Effective Business Incentives

This week, the Senate again addressed an issue we have been debating for several weeks in the form of a bill that would create tax credits for “mega-projects” — specifically a company called Bombardier that is looking to move to the Kansas City area. The legislation, House Bill 2393, would create this new type of credit under the Enhanced Enterprise Zone program designed to lure in the large airplane manufacturer. While I believe that the extensive debate in the Senate has helped to change the legislation for the better, I am still opposed to the measure.

House Bill 2393 would cost Missouri an exorbitant \$40 million a year in revenue. As a member of the Senate Appropriations Committee, I am especially aware of the current economic climate of our state and nation. The current financial instability means that we cannot afford to provide such a serious tax break for one company. I have urged my colleagues in the Senate to remain aware that this money belongs to the taxpayers of Missouri, and this proposal would pledge this money to a future venture without actually knowing what the future might hold for our economy.

My other major issue with this measure is it misplaces these funds. Even if we could afford such a large tax break, shouldn't we instead focus on assisting and promoting current Missouri businesses and entrepreneurs? Bombardier is a Canadian company that is considering Kansas City as its home, but there are already small businesses in Missouri that would like to expand and could benefit from such business incentives. Companies with less than 25 employees have little or no support from the state, and we should instead be using

any flexible revenue to help these businesses expand.

Encouraging existing businesses already in our state is the reason why I have proposed Senate Bill 1244, an economic development package that would achieve this goal without any funds from general revenue. The bill would create the entrepreneurial development council to allow businesses, entrepreneurs, and legal experts to work together to protect the intellectual property of Missouri's business owners. The act would also create a fund from which the council could give grants to provide financial assistance for legal actions alleging infringement of their intellectual property rights. Grants could also provide for financial assistance for the development, manufacture and advertising of new products. Senate Bill 1244 is groundbreaking legislation that would improve Missouri's business environment, creating at least as many jobs as the Bombardier proposal.

House Bill 2393 is at the very least designed in a better way than most tax credits. The bill requires Bombardier to pay back the value of the credit over time, a provision that I believe should be included in more tax credit legislation. However, the problem still exists that this legislation would benefit one Canadian business in a way that our state cannot currently afford. Instead, I would like to see the Legislature pass bills that would benefit businesses throughout our state. I will remain focused on helping the businesses and entrepreneurs that are currently in this state to expand.

Contact Me

As always, I appreciate hearing your comments, opinions and concerns. Please feel free to call me in Jefferson City at (573) 751-2108. You can also write to me at Frank Barnitz, Missouri Senate, State Capitol, Jefferson City, MO 65101.

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